

Statutory auditor's report

to the General Meeting of

Wockhardt Bio AG, Zug

Report on the audit of the statutory financial statements

Balmer-Etienne AG

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Opinion

We have audited the financial statements of Wockhardt Bio AG (the company), which comprise the balance sheet as at 31 March 2024, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements for the year ended 31 March 2024 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal controls as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the auditing of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/auditreport-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and statutory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation.

Furthermore, we draw attention to the fact that the Board of Directors did not call the general meeting within six months after the close of the business year 2023 as stipulated in article 805 para. 2 CO.

We recommend that the financial statements submitted to you be approved.

Lucerne, 25 June 2024

uma/TLA

Balmer-Etienne AG

Urs Matter
Licensed audit expert
(Auditor in charge)

Tu'uyen Maria Lang
Licensed audit expert

Financial statements 2023/24
Proposed appropriation of available earnings

Balance Sheet as per 31 March	2024	2023
	CHF	CHF
Current assets		
Cash and bank balances	591 059	2 192 148
Short Term Deposits with Banks	60 734	61 833
Prepayments - third parties	1 951 789	2 425 373
Advances - shareholders	5 050 400	5 161 222
Advances - subsidiaries	2 740 260	2 820 608
Accounts receivable - third parties	7 011 902	5 938 431
Accounts receivable - shareholders	7 124 195	15 355 202
Accounts receivable - subsidiaries	55 684 533	68 901 328
Receivable VAT	-	-
Other receivables	24 192	27 005
Inventories	386 841	1 539 356
	<u>80 625 905</u>	<u>104 422 506</u>
Total current assets		
Fixed assets		
Investments - subsidiaries	141 477 963	141 477 963
	<u>141 477 963</u>	<u>141 477 963</u>
Tangible assets	118 272	118 315
Accumulated depreciation	-109 515	-110 195
Tangible assets net	<u>8 757</u>	<u>8 120</u>
Capitalized Work in Progress	33 341 673	33 860 017
Licences and trade marks	34 242 310	35 296 019
Accumulated amortisation	-33 276 781	-33 796 674
Licences and trade marks net	<u>965 529</u>	<u>1 499 344</u>
Intangible assets under development	<u>172 999 156</u>	<u>158 837 198</u>
	<u>348 793 078</u>	<u>335 682 644</u>
Total fixed assets		
Total assets	<u>429 418 983</u>	<u>440 105 150</u>

Balance Sheet as per 31 March	2024	2023
	CHF	CHF
Liabilities		
Accounts payable - third parties	17 369 595	16 070 000
Accounts payable - shareholders	38 170 639	33 103 826
Accounts payable - subsidiaries	102 970 897	129 063 635
Advances from customers	481 818	154 756
Payable VAT	878 658	893 730
Loans - group companies	5 206 217	5 036 439
Accrued expenses	4 695 537	5 622 772
Deferred Revenue	9 105 547	9 799 302
Accrued taxes	212 738	266 590
<i>Total short term liabilities</i>	<u>179 091 646</u>	<u>200 011 050</u>
Loan - third party - interest bearing	0.00	-
<i>Total long term liabilities</i>	<u>0.00</u>	<u>-</u>
<i>Total liabilities</i>	<u>179 091 646</u>	<u>200 011 050</u>
Share capital	51 948 000.00	51 948 000
Statutory Capital Reserves		
Capital contribution reserve	1 696 502	1 696 502
Other Capital Reserves	1 691 757	1 691 757
	<u>3 388 259</u>	<u>3 388 259</u>
Statutory retained earnings		
General Reserves	23 474 000	23 474 000
Currency translation adjustments	18 225 660	19 774 066
Profit carried forward	141 509 775	164 222 903
Profit/(Loss) of the year	11 781 643	-22 713 128
Retained earnings	<u>153 291 418</u>	<u>141 509 775</u>
<i>Total shareholders' equity</i>	<u>250 327 337</u>	<u>240 094 100</u>
<i>Total liabilities and shareholders' equity</i>	<u>429 418 983</u>	<u>440 105 150</u>

Income statement	2023/24	2022/23
	CHF	CHF
Revenues		
Sales export	110 859 415	103 497 968
Other operating income	850 851	5 619 095
Fee for service/Royalty paid	-1 673 436	-1 936 904
Bad debts	-2 838	-144 231
<i>Total revenues</i>	110 033 992	107 035 929
Operating expenses		
Cost of goods, materials and freight sold	76 999 136	106 345 499
Cost of purchase of ANDA rights	-	-
Selling and distribution expenses	2 117 285	2 949 399
Export costs	74 118	215 832
Employee costs	1 735 438	1 688 487
Repairs and maintenance	8 927	-
Insurance	212 075	522 810
Research and development costs	3 797 984	4 439 931
Legal and consultancy costs	1 095 363	919 386
Trade mark costs	68 392	63 571
Management fees	380 616	470 144
Travel expenses	133 830	109 659
Other operating expenses	8 866 836	9 276 383
<i>Total operating expenses</i>	95 490 000	127 001 102
<i>Net profit / (loss) from operations</i>	14 543 992	-19 965 173
Depreciation and valuation adjustments on fixed assets		
Depreciation	640 973	818 516
Impairment on licences and trade marks	-	-
Impairment of inter-company loans	-	-
Impairment of investments on subsidiaries	-	-
<i>Total depreciation and valuation adjustments on fixed assets</i>	640 973	818 516
<i>Net profit / (loss) after depreciation and valuation adjustment</i>	13 903 019	-20 783 689
Financial Income/Expenses		
<i>Financial income</i>		
Interest income - third party	-	-
Interest income - subsidiaries	-	-
Exchange gains	63 615	411 155
<i>Total financial income</i>	63 615	411 155
<i>Financial expenses</i>		
Interest charges - third party	310 302	14 504
Interest and guarantee charges - shareholders	-	-
Interest charges - group companies	1 228 867	1 805 258
Bank charges	635 411	165 472
Exchange losses	11 289	15 304
<i>Total financial expenses</i>	2 185 869	2 000 538
<i>Total financial result</i>	-2 122 254	-1 589 383
<i>Net Profit/(loss) for the year before tax</i>	11 780 765	-22 373 072
Direct taxes	878	-340 057
<i>Profit/ (Loss) of the year</i>	11 781 643	-22 713 128

Notes to the financial statements for the year ended 31 March

2024

2023

CHF

CHF

1 General Information

These financial statements of Wockhardt Bio AG, Grafenauweg 6, CH-6300 Zug were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

2 Functional currency

Wockhardt Bio AG accounting currency is USD. The Income Statement has been translated into CHF at the annual average rate. The Balance Sheet has been translated into CHF at year end rate with the exception of investments and shareholders' equity, which are translated at historical rates. Currency conversion differences resulting from the translation of the financial statements are recognized in Equity and are shown under the heading Currency translation adjustments. Accordingly in the current year currency conversion gain of CHF 18.23 Mn has been presented under Equity under the heading Currency translation adjustments like prior year currency conversion gain of CHF 19.77 Mn.

Company used the following exchange rates for translating financials in CHF from USD :

Average rate - CHF/USD: 1.13

Closing rate - CHF/USD: 1.11

3 Development Expenses on QIDP status products

The Company's New chemical Entity ("NCE") clinical development programme continued to get a major boost during the Financial Year 2023-24:

WCK 771/ 2349: Filing for nine different countries of emerging markets (Nigeria, Kenya, Uganda, Tanzania, Thailand, Philippines, Vietnam, Myanmar, and Cambodia) has been completed so far. Kenya, Uganda and Tanzania have audited manufacturing sites of Emrok. Approval from these countries is expected in next 2-3 months. For Saudi Arabia, Emrok NDA would be filed based on 'Breakthrough medicine program' which could reduce the timeline for the launch of product to 2-3 months. In Russia, our licensing partner company has secured approval for the conduct of Emrok clinical trial which is required for marketing authorization. The supply of WCK 771 injection and WCK 2349 tablets for the proposed clinical study in Russia is being arranged from the respective manufacturing sites in Aurangabad.

WCK 5222: The recruitment in the Global phase III study is ongoing and till date 409 patients have been enrolled. As of 12 June 2024, clinical study is progressing in all eight countries and China sites are activated and one site has enrolled the first patient from China as well in May 2024. Study is estimated to get completed by Q4 2024 and marketing application will be filed in Q1 2025/Q2 2025. From India, WCK 5222 CRO phase II study has been started and we have opened four sites as of 12 June 2024 and remaining twelve sites will be opened in next 2-3 months' time.

WCK 4873: Phase III study in community acquired bacterial pneumonia (CABP) in India has been completed. Study topline results have been published. Final Clinical study report writing is completed and signed in April 2024. WCK 4873 NDA filing has been completed in April 2024 and review is expected in Q3 2024.

WCK 4282: Based on an important feedback from the Key Opinion Leaders (KOLs) in India about the substantial unmet need for product such as WCK 4282, clinical development plan for WCK 4282 in India is amended to meet the Indian regulatory requirements. Accordingly, a combined Phase 2/3 study protocol for India has been developed. Post DCGI review, the study protocol is approved recently for conduct of study in India. The study will start recruiting in July/August 2024. We have already kept eight sites ready for initiation by early July 2024.

WCK 6777: This is a combination of Ertapenem+Zidebactam to be administered intravenously. The US NIH sponsored Phase 1 study is progressing well, dosing has been completed and NIH team is preparing CSR which would be ready by July/August 2024.

The clinical development expenses on the NCE development programme for the year amounting to USD 19.22 Mn (CHF 17.02 Mn) prior year USD 14.85 Mn (CHF 14.15 Mn) pertaining to Company's NCE, and the amount has been capitalised during the year and included under 'Intangible Assets under Development as at 31 March 2024.

4 Fixed assets, depreciation / amortisation and impairment

Tangible assets:

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment loss if any. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

The carrying amounts of fixed assets and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount.

Intangible assets:

Intangible assets are amortised over a period of 3 - 15 years, which are based on their useful lives.

The intellectual Property Rights, Brands and Product Licenses are generally depreciated over a period of 10 years, however wherever the useful life is less than 10 years the depreciation period is reduced accordingly.

Notes to the financial statements for the year ended 31 March

2024

2023

5 Inventories

CHF

CHF

All inventories are valued at moving weighted average price other than finished goods, which are valued on quarterly moving average price. Finished goods and work in progress is computed based on respective moving weighted average price of procured materials and appropriate share of labour and other manufacturing overheads.

Inventories are valued at cost or net realizable value, whichever is lower. Cost also includes all charges incurred for bringing the inventories to their present location and condition. Duties accrued on production or import of goods, as applicable, is included in the valuation of finished goods.

Inventories of stores and spare parts are valued at cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

In the eventuality of cash discounts on inventories, it will be treated as reductions of the acquisition cost.

6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with dispatch of goods to customers. Revenues are recorded at invoice value, net of value added tax (VAT)/duties, returns and trade discounts.

Sale of Services

Revenues from services are recognised on completion of rendering of services.

Royalties

Revenue is recognised on an accrual basis in accordance with the terms of the relevant agreement.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

7 Lease Obligations

Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be cancelled within the next twelve months is as follows:

Up to 1 year	330 714	342 027
1–5 years	1 174 459	1 273 226
More than 5 years*	108 808	357 713
Total Lease obligations	1 613 981	1 972 966

*Lease obligations considered until February 2030.

8 Head Count

The number of full time positions in the company on an annual average has been less than 50 (Previous year less than 50).

9 Investments

Valuation is based on historical cost less any necessary adjustment for impairment.

CP Pharma (Schweiz) AG

Incorporated in Switzerland

250 Registered shares of CHF 1'000.00

100% share in capital and voting rights

1

1

Wockhardt Bio (R) LLC.

Incorporated in Russia

5'150'000 Registered shares of Russian Roubles 1.00 each

100% share in capital and voting rights

83 491

83 491

Wockhardt Farmaceutica SA DE C.V.

Incorporated in Mexico

36'867'236 Ordinary shares of MXN 1.00

100% share in capital and voting rights

1

1

Wockhardt Services S.A. DE C.V.

Incorporated in Mexico

50'000 Ordinary shares of MXN 1.00

100% share in capital and voting rights

1

1

Notes to the financial statements for the year ended 31 March

2024

2023

	CHF	CHF
Wockhardt France (Holding) S.A.S. Incorporated in France 601'000 Registered shares of EUR 100 100% share in capital and voting rights	1	1
Wockhardt Holding Corp. Incorporated in Delaware, USA 1'100 shares of Common Stock of USD 1.00 100% share in capital and voting rights	30 295 509	30 295 509
Wockhardt UK Limited Incorporated in the United Kingdom 50'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	123 508	123 508
Pinewood Healthcare Limited Incorporated in the United Kingdom 100'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	1	1
CP Pharmaceuticals Limited Incorporated in the United Kingdom 1'862'549 Ordinary A shares of GBP 1.00 570'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	11 013 787 3 370 574	11 013 787 3 370 574
Wockpharma Ireland Limited Incorporated in the Republic of Ireland 10'001'000 Ordinary shares of EUR 1.00 50'000'000 Cumulative Redeemable Preference shares of EUR 1.00 each 100% share in capital and voting rights	16 098 630 80 485 000	16 098 630 80 485 000
Z & Z Service GmbH Incorporated in Germany Nominal capital EUR 25'000.00 100% share in capital and voting rights	1	1
Wockhardt Bio Pty. Ltd. Incorporated in Australia Nominal Capital AUD 10'000 100% share in capital and voting rights	7 459	7 459

Besides the above Wockhardt Bio Ltd. has been incorporated in New Zealand on 11 November 2015 with an objective of trading, manufacturing, selling and marketing. Wockhardt Bio Ltd., New Zealand is yet to commence the business.

10 Loan & pledged assets

As per financial year-end there were open guarantees and bid-/performance bonds by Credit Suisse to third parties secured by a general deed of pledge in the amount of CHF 0.21 Mn (Previous Year CHF 0.26 Mn).

11 Board of Directors and executive management shareholdings

As of 31 March 2024 members of the non-executive and executive boards held the following shares. No Wockhardt Bio AG share options were held.

	Shares	Shares
Ajay Sahni Dr. Habil F.Khorakiwala	25 308	25 308
Managing Director Shareholder and Chairman of the Board of Directors of Wockhardt Ltd., India	5 000 000	5 000 000

On 30 June 2023, the annual general meeting resolved to delist all of the company's shares from BX Swiss AG, which are all bearer shares and structured as intermediated securities according to the Federal Act on Intermediated Securities. The delisting was implemented as per 31 August 2023. The shares were and will continue to be structured as intermediated securities.

Mr. Sanjaya Baru has been appointed as Chairman of the Board of Directors on 06 January 2024 until 31 March 2024.

Mr. Shekhar Datta has been released from the Board of Directors wef. 05 January 2024.

Mr. Ravindra K. Limaye and Mr. Ajay Sahni were reappointed as Members of the Board of Directors with effect from 05 January 2024 until the next ordinary general meeting of shareholders.

Notes to the financial statements for the year ended 31 March

2024

2023

CHF

CHF

12 Significant shareholders

Wockhardt Ltd, Mumbai	Number of shares	44 600 000	44 600 000
	Capital and vote share	85.9%	85.9%
Dr. Habil F.Khorakiwala	Number of shares	5 000 000	5 000 000
	Capital and vote share	9.6%	9.6%

Dr. Habil F. Khorakiwala is the Chairman of the Board of Directors of Wockhardt Ltd.
Therefore, he collectively could influence the vote share of 95.48% of Wockhardt Bio AG.

13 Capitalisation of Borrowing Costs

Borrowing costs directly attributable to acquisition of qualifying assets have been capitalised. Borrowing costs amounting to USD 0.12 Mn (CHF 0.10 Mn) , prior year NIL have been capitalised, and is included under 'Intangible Assets under Development' as at 31 March 2024.

14 Other operating income

Profit from sale of assets includes USD 0.30 Mn (CHF 0.27 Mn) (previous year USD 5.89 Mn (CHF 5.61 Mn)) towards transfer of marketing authorisation for territory/product intellectual property rights to third parties and related parties.

Other operating income also includes USD 0.64 Mn (CHF 0.56 Mn) towards charge back of trade payables (previous year - NIL).

15 Capitalised Work in Progress

Capitalised Work in Progress essentially represent the expenses incurred on setting up a new Manufacturing facility for supply of pharmaceutical products to company's markets in US, Europe & Emerging Markets.

16 Subsequent events

No significant events occurred between balance sheet date and 25 June 2024, the date when the financial statements were signed off by the Board of Directors for publication.

Proposed appropriation of available earnings

31.03.2024 31.03.2023

CHF CHF

Proposed appropriation of available earnings

Profit carried forward	141 509 775	164 222 903
Profit / (Loss) of the year	11 781 643	-22 713 128

Available earnings

153 291 418 141 509 775

The Board of Directors proposes to the shareholders at the Annual General Meeting the following allocation :

Balance to be carried forward	153 291 418	141 509 775
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Total

153 291 418 141 509 775